

Statement of significant changes

2023-24 Household Scheme of Charges

We expect that our average household bill will increase by 12.3%, which is £40.75 per year or around £4 per month. Our research¹ tells us that our overall bill increases of more than £2 per month can be an issue for our customers, so we try to keep price rises below this level if we can. Unfortunately - primarily due to the high level of inflation - increases for most of our customers could be higher than that. You can read more about [why bills are changing](#) and what we have done to [manage price rises](#) further on in this document.

Table 1 – Average water, waste water and combined bill for 2023-24 with change since last year

Average bill	2022-23	2023-24	Increase	
			%	£ / month
Water	£179	£195	8.8%	£1.25
Waste water	£152	£177	16.5%	£2.00
Combined bill	£331	£372	12.3%	£3.50

Illustrative bills – household customers

Bills for [typical](#) customers who stay on the same tariff from one year to the next (that is, customers who don't switch to a meter or apply for assistance) will see bill changes that are different from the "average" household. Illustrative bill changes for a range of customers are set out below.

Table 2 - Bills for typical customers in Powys and Monmouthshire

	2022-23			2023-24				£ per month
	Water	Waste	Total	Water	Waste	Total	Increase	
Unmeasured								
Low	£120	£105	£225	£132	£124	£257	14.4%	+£2.75
Average	£167	£175	£342	£188	£211	£399	16.8%	+£4.75
High	£193	£202	£394	£215	£245	£460	16.6%	+£5.50
Metered								
Low	£138	£123	£261	£152	£137	£289	10.6%	+£2.25
Average	£178	£169	£347	£194	£192	£386	11.3%	+£3.25
High	£297	£269	£565	£319	£308	£627	10.9%	+£5.25
Assessed chrg								
Single person	£111	£107	£218	£114	£115	£228	4.9%	+£1.00
Flat/Terrace	£200	£167	£367	£209	£187	£397	8.0%	+£2.50
Semi-detach'd	£227	£205	£432	£231	£229	£460	6.5%	+£2.25
Detached	£257	£244	£501	£274	£286	£560	11.7%	+£5.00
Social Tariffs								
WaterSure+	£179	£155	£334	£195	£177	£372	11.5%	+£3.25
Here2Help 30*	£125	£108	£233	£136	£124	£260	11.5%	+£2.25
Here2Help 70*	£54	£46	£100	£58	£53	£112	11.5%	+£1.00

*Here2Help customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration.

¹ This research was carried out through our regular "customer tracker" where we survey customers on a wide range of questions relating to our service.

Most of our water customers are in the Wrexham area. We don't provide sewerage services there, so the wastewater charges for these customers will usually be set by Dŵr Cymru Welsh Water (DCWW). We've estimated overall bills in Wrexham including DCWW wastewater bills.

Table 3 - Bills for typical customers in the Wrexham area

	2022-23			2023-24				£ per month
	Water	Waste*	Total	Water	Waste*	Total	Increase	
<i>Unmeasured</i>								
Low	£162	£297	£459	£179	£317	£495	7.9%	+£3.00
Average	£227	£463	£691	£255	£522	£777	12.5%	+£7.25
High	£252	£546	£799	£285	£624	£909	13.8%	+£9.25
<i>Metered</i>								
Low	£122	£203	£325	£135	£222	£357	9.8%	+£2.75
Average	£155	£245	£401	£170	£269	£439	9.5%	+£3.25
High	£241	£356	£596	£261	£390	£651	9.1%	+£4.50
<i>Assessed</i>								
Single person	£97	£211	£308	£104	£231	£335	8.6%	+£2.25
Multi-occupier ¹	£161	£257	£419	£175	£282	£457	9.1%	+£3.25
<i>Social Tariffs</i>								
WaterSure+	£179	£217	£395	£195	£233	£428	8.2%	+£2.75
Here2Help 30 ²	£125	£151	£277	£136	£163	£299	8.2%	+£2.00
Here2Help 70 ²	£54	£151	£205	£58	£163	£222	8.0%	+£1.25

1. Multi-occupier charge combined with DCWW rate for 3 or more persons. DCWW also has a charge for 2 occupants.
2. Here2Help customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. Rate combined with DCWW HelpU charge.

We've worked with Dŵr Cymru to understand their likely sewerage bills for 2023-24 but the figures above are estimates because we didn't have their final charges at the time of publication. We've used the figures they provided and adjusted for the difference in the actual level of inflation as published in December.

Why bills are changing

Each year the revenue controls set by our regulator, [Ofwat](#), allow us to recover a fixed amount of revenue from our customers. For most of our charges this is modified by inflation, adjustments for performance and any past over or under-recovery in previous years.

This year:

- Inflation as measured by the Consumer Prices Index with Housing (CPIH) was 9.3%;
- [Ofwat](#) set an effective real reduction of +3.8% for our water service and an increase of +9.4% for wastewater revenue;
- There was [Revenue Correction](#) adding 3.2% to charges this year – we collected less revenue than we expected in 2021-22 as business demand has been difficult to predict since the pandemic; and
- We did not fully achieve some of our performance commitments leading to some penalties ("[Outcome Delivery Incentives](#)" or "ODIs") – these reduced charges by 2.0%.

The level of charges is also influenced by volume. When we set our charges, we divide our allowed revenue over the properties we serve and the volume we expect them to use. When the volume increases, this lowers our average charges and if it falls then we need to increase charges to raise the same level of revenue.

Forecasting business demand has been difficult since the pandemic, with lockdowns and recovery making this more uncertain. Business demand has been lower than we expected this year, leading to a lower contribution to the cost of running the services we provide and upward pressure on bills for all customers. We now expect the economy to move into recession during 2023-24 and do not expect demand to reach the same levels as we saw before the pandemic.

Customer views

Our research tells us that our household customers become concerned if their overall bill increases by more than £2 per month, so we try to keep price rises below this level if we can. We now conduct a survey on this topic each year as part of our “customer tracker”; the results are very consistent from year to year.

Unfortunately, due to the current high level of inflation bill increases will be higher this year. We know that inflation affects our customers – it also affects our costs, and this is why our charges are linked to the rate of CPIH. Our underlying revenue controls also allowed for some increases to fund the continuing investment that we need to provide the service customers expect.

As we don’t provide sewerage services in the Wrexham area, we’ve estimated the overall bill impact with indicative figures for Dŵr Cymru Welsh Water bills. Our assessment of the impact on is [here](#). We showed a draft view of our charges to [CCW](#), who represent the views of water customers. We’ve taken account of their views and have increased the support options for customers who struggle – there are details about the help we can offer in the next section.

Our discussions with CCW took place before we had finalised our charges. There is always some variation when we publish our final charges, because we don’t know what the final inflation figure will be until December.

Managing changes in customer bills

Since the change in average bills is over 11%, we have taken steps to ensure that our approach is balanced between different customer groups. Although the average increase is around £4 per month we think Hafren Dyfrdwy will still have the lowest combined bills in the country because inflation will also impact on the prices charged by other companies.

Fixed charges for unmetered customers

Some customer bills are still linked to the [Rateable Value](#) (RV) of their home and these bills will increase by more than metered customers. This is because – in general – unmetered customers use more water. We are gradually reducing the proportion of unmetered bills that is linked to RV and replacing this with fixed charges. We introduced a fixed charge for unmetered water in 2020-21 and did the same for wastewater in 2021-22. We’re making very gradual changes to these charges, taking account of the other pressures on customers next year through higher inflation.

In Wrexham we are holding the fixed charge broadly flat, which will help keep bills down for the smallest customers. However, it does mean that the element of the charge based on [Rateable Value](#) will increase. Customers in this position can often reduce their charges by switching to a meter. If you are not already on a

meter, you have the option of switching free of charge. If you don't save money by switching, you have two years to change your mind. You can apply via our [website](#).

Non-return to sewer allowances (metered customers)

Historically we have always set wastewater charges based on the volume of clean water as measured by the customer's meter. In next year's charges we will be applying an explicit allowance for "normal losses" such as evaporation, watering of gardens and other water that is not returned to the sewer. In future we will set wastewater charges based on 95% of the volume of water consumed. This will make no difference to the charge that customers actually pay because the unit rate for our charges always took account of "normal losses".

For example, if a customer used 100m³ of clean water last year they would have paid £111.25 in volumetric charges.

- Volumetric rate of 1.0787 £/m³ x 100m³ = £107.87 ("water out" = "water in").

If we had applied this system to last year's charges we would have taken account of the volume allowance within the unit rate as set out below:

- Volumetric rate of **1.135** £/m³ x **95**m³ = £107.87 ("water out" = 95% of "water in").

This change simply brings Hafren Dyfrdwy's approach into line with other companies in the industry and will have no impact on customer charges.

Support for customers who struggle to pay their bills

For customers who may struggle to pay their bills, we offer three schemes: WaterSure, WaterSure Plus and the Here2Help Scheme. This year we're planning to increase the number of people we help through these schemes by around 50%. WaterSure or WaterSure Plus is for people that need to use a lot of water – if they qualify their bill can be capped at the company average. Here2Help is for people that struggle to pay because of low incomes – customers that qualify can receive a discount of up to 90% on the average bill. There is more information on how you might qualify for [WaterSure](#) or [Here2Help](#) on our website.

Bills for sewerage only customers

We have a small number of sewerage customers on the borders of our area that are billed on our behalf by Dŵr Cymru Welsh Water (DCWW). Water bills for these customers will be different from ours, but we would not expect a significant increase in their bills relative to the customers we bill directly.

Glossary

Revenue correction

We are regulated by Ofwat, which sets our revenue controls. We are allowed to collect a fixed overall amount to cover the cost of running the network, supplying water, collecting wastewater and treating sewage. When we set charges, we try to make sure that they will recover the correct amount in the next charging year, but we need to forecast – for example, we don't know exactly how much water customers will use in advance. If we collect more than Ofwat allowed, we return this to customers by reducing future charges and vice versa.

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Outcome Delivery Incentives (ODIs)

When Ofwat sets our revenue controls, we also agree a set of Performance Commitments with our regulator and other stakeholders. These are things that our customers tell us are important to them such as reducing bursts, leakage and sewer flooding. If we don't hit our targets then customers get a reduction in their bills; if we do really well and exceed the target then we are allowed to collect some more revenue. Overall, ODIs are a small proportion of the average bill. You can read more about what your bills pay for on our website [here](#).

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The differences between typical and average bills

An average bill is simply the total amount billed to households divided by the number of household customers. It generally rises at a lower rate than typical bills because some customers will switch to lower tariffs during the course of a year. For example, some customers will opt to have a meter installed if they think that they will save money by doing so; customers that stay on the same tariff will not get this one-off saving. A typical bill is the amount that they will pay if nothing else changes (for example, if a customer is already metered and carries on using the same amount of water from one year to the next).

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Rateable Value

A property's rateable value was originally assessed by the District Valuer on behalf of the Inland Revenue. The value was based on the size of the property, the number of rooms, the amenities available and the overall location. No new rateable values have been set since March 1990 following the introduction of the Community Charge (since replaced by Council Tax). Water companies are still legally entitled to use rateable value as the basis for charges, but we are not able to use Council Tax banding. New properties built since 1990 do not have a rateable value and are metered. If you have a property with rateable values you can apply for a water meter, which could save you money.

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